Comparable Cities Study

Summary of the Findings:

Jamieson and Gutierrez conducted a comparable cities survey to help the City of Tempe benchmark their progress against cities of comparable size and demographic composition. This analysis allows the City to compare diversity policy and practices from similar U.S. cities to see what types should be considered for the future. To this end, an updated survey was conducted with the same nine cities surveyed in the 2001 Baseline Audit. These communities were identified from a pool of 48 cities using purposive research techniques. We asked these communities to complete a survey consisting of 29 yes or no responses and two open-ended questions. Eight of the nine cities participated. The survey contains best practices with respect to diversity categorized under seven key areas: Assessment, Systems Change, Recruitment Strategies, Career Development, Employee Involvement, Training and Education, Accountability and Diversity Implementation Strategies. Each area and the results therein are examined below.

First and foremost, it is clear that <u>all</u> cities focus on *system change*, especially policy and procedures that address diversity. For example, the City of Tempe has a detailed policy, Section 408: Diversity, that provides formal guidelines, definitions, responsibilities and procedures for employees to follow in dealing with diversity issues. All cities have grievance policies; however, only the most advanced (those cities that have been focused on diversity initiatives) – Reno, Amarillo and Tempe – also use reward and recognition programs to support their diversity efforts.

Second, all of the cities say that they provide ongoing training and education. With the exception of Huntington Beach, all cities surveyed provide tuition reimbursement, special training for police and fire and diversity awareness training to their employees. These types of baseline programs are typical of most cities, including those who do not focus upon diversity <u>per se</u>.

Diversity recruitment is another area where most cities focus their efforts. The findings indicate they understand the importance of taking proactive measures to have the workforce reflect the changing demographics of their community. As one respondent put it, "we are attempting to have the city workforce reflect the qualified available applicant pool in the community."

Six out of eight, including Tempe, use *non-traditional job posting* to increase organizational diversity. Some use specialized recruiting teams and one, the City of Chandler, has a formal retention program. Most are focused on recruitment and have programs designed to attract women and minorities to apply for non-traditional jobs. Huntington Beach is a case in point; they indicate that the passage of Proposition 209

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¹ The comparable cities used in this study include Amarillo, Texas; Chandler, Arizona; Reno, Nevada; Santa Rosa, California; Rockford, Illinois; Tacoma, Washington; Huntington Beach, California and Santa Clarita, California.

requires California cities to advertise in publications that reach potential applicants of all backgrounds, not just a certain target candidate pool.

It should be noted that as a whole, all cities continue to indicate slow progress in placing women into public safety positions. Other than Tempe, all other surveyed cities have not established succession-planning programs for minorities and women. In fact, three cities that indicated in the last survey to have had a program now do not have one². Women in public safety positions are clearly an issue that continues to impact all cities' diversity efforts. Although most cities indicate they utilize employee tasks forces to assist in resolving diversity issues, the City of Tempe uses employee task force groups more proactively.

As previously mentioned, most cities do not have formal retention programs in place. According to the diversity literature, this is a common pitfall. As seen above, most organizations are focused on *increasing diversity*. Those that are successful need to be thinking ahead to retention issues. Significant time and money is spent recruiting and training personnel; retention strategies help protect that investment. This is an area the City of Tempe should review and consider for the future as their workforce becomes more diverse.

In the area of *career development*, most cities focus upon coaching and mentoring programs. The City of Tempe is additionally focused on two key areas: succession planning and career tracks. Both of these best practices are currently being developed and/or being formally recommended and reviewed. Specifically, succession planning is being linked to the City's mentoring program and a career track system is being presented to the 6-Sided Partnership for review and discussion by the gender and multicultural employee task force groups. Reno, one of the most advanced cities with respect to their diversity initiative, is the only city that currently has a career track program in place. The City of Tempe may find it useful to contact them to gather information, ideas and coaching regarding their experience with this program.

Four out of eight cities say that they use *employee involvement* to support their diversity efforts. Most use employee task force groups to work issues. The City of Tempe chartered a multicultural and a gender task force in direct response to the 2001 Baseline Audit. These groups have worked together over the past year to identify issues and opportunities with respect to gender and multicultural issues. They are presenting findings to the 6-Sided Partnership as described above. Finally, only Tempe and Amarillo have support groups for women and minorities.

It should be noted that the City of Tempe has embraced employee involvement as an integral part of their diversity strategy. On the positive side, the City of Tempe has organized support groups for women and minorities. This is an effective best practice that was recommended in the initial audit report. Amarillo is the only comparable city

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² This may be an area for the City of Tempe to explore further given their intention to link succession planning to their mentoring system. The City may be able to identify best practices and pitfalls by conferring with cities that have experience with this type of program.

that engages in this important practice. We commend the City for making excellent strides in this area, going beyond the traditional practices and developing innovative employee involvement structures such as the 6-Sided Partnership. This is a critical area that can 'make or break' cultural change efforts.

We focused upon accountability in this study because it was identified as a problem area in our 2001 Baseline Audit. According to our survey, about half of the cities use outcome measures to support their diversity efforts. The City of Tempe has detailed outcome measures for each of the programs and initiatives. Additionally, Tempe and Amarillo use department action plans to establish change at the work group level. And only Tempe directly ties diversity goals to compensation and promotion. We are most impressed with the City of Tempe's focus on this critical area. The City appears to have a strong focus on accountability complete with outcome measures for their diversity goals. They have a good strategy in place. Time will tell whether or not it is effective.

As for specific diversity implementation strategies, most cities have not formalized their diversity activities to the extent the City of Tempe has. The cities of Tempe, Reno, Tacoma and now Chandler have established Human Relations-type Commissions to assist in addressing diversity issues in the workplace. Tempe and Reno continue to be the only cities surveyed to have established an Office of Diversity and to have a diversity evaluation program.

The results of this comparable city survey indicate that the City of Tempe continues to take progressive steps in managing diversity when compared to the seven other cities from whom we have data. A few have seen progress in some of their diversity initiatives but the City of Tempe continues to be far more comprehensive and consistent in their diversity implementation efforts. The City of Reno, which has been focused on diversity for several years, is one of the most proactive promoting diversity in the workplace. Like Tempe, Reno links their diversity efforts to the bigger picture. The City of Reno views their diversity programs as the right thing to do; they say it also creates a competitive advantage and makes good business sense. Likewise, Tempe's perspective on diversity is linked to their vision of 'diversity as strength.' Tempe emphasizes using the talents and abilities of their diverse workforce to better serve the citizens of Tempe.

In conclusion, our analysis reveals that the City of Tempe has best practices programs in each of the 7 key areas under review. They also have the highest number of total actions taken of any city; however, quantity is not the most salient measure of success. The quality of results and their measurable impact for the City of Tempe is paramount. We advise the City to regularly review their diversity programs and processes to clarify what works bests and to determine where to allocate resources and effort as their diversity focus evolves.

Detailed Findings:

The following section summarizes additional information collected from the open-ended responses on the survey.

The *City of Reno* continues to benefit from good leadership committed to progressive diversity practices. Their approach, like the City of Tempe's, involves implementing steady improvements to their current plan. While most cities have reported no real change in their policy and procedure audit method, the City of Reno does plan to go forward with an external audit and review their Diversity Action Plan in 2005. This audit, along with specific plans for each city department to assist in achieving employee diversity are clear indications that the city is moving forward and stands as a strong best practice for other similar cities. The audit may also serve as an excellent instrument for Tempe officials to measure and compare the results. The decision to do an audit was pursued by Reno's Diversity Action Committee. The Committee has been instrumental in reviewing the progress of the plan and will remain very active throughout the process.

Based on survey results, the *City of Chandler* has shown a significant improvement in the number of best practices used from the 2001 Baseline Audit. The additions of such best practices as a recruiting team and special training for police and fire indicate the city is interested in taking proactive steps to promote diversity. It might be valuable for Tempe to follow-up verbally with Chandler officials to get a better understanding on the true progress being made with these new best practices.

The survey results also indicate that the *City of Amarillo* has implemented a number of new best practices since the 2001 baseline survey. The addition of recruitment strategies, accountability measures and career development programs show a willingness to provide employees with valuable tools to succeed in the workplace. Although the comprehensive approach of these programs is unclear, the survey suggests that Amarillo continues to emphasize a philosophy of educating employees to work together in actual work situations rather than diversity programs <u>per se</u>.

Santa Rosa's survey results show a step back in diversity efforts based on our 2001 Baseline Audit. Previous responses in the affirmative are now in the negative in five categories. Santa Rosa followed only Tempe and Reno in the previous survey in terms of progressive steps toward diversity best practices. Additional information and follow-up is required to get a better understanding of why so many of the best practice categories are now responded in the 'No' category. Santa Rosa attributes their current diversity efforts, in part, to a changing demographic. According to the Human Resource Director, Jeremy Brott, "The workforce that is retiring is much less diverse than the applicant pool for new hires and our new hires."

Although survey results reveal some changes in the areas of systems change, employee task forces and employee surveys, the *City of Rockford* continues working toward their goal to have a workforce that is a reflection of their community at-large. Rockford's programs have allowed them to achieve their 2003 hiring targets, due mostly from a

philosophy that focuses on identifying the best candidate for the job. The City invests a great deal of their diversity efforts towards training and education programs for their workforce. Their current focus is on manager and employee training, tuition reimbursement and diversity awareness training. They are also focused upon recruitment; however, it is not clear whether current diversity efforts have been successful in recruiting more women for police and fire positions.

The *City of Huntington Beach* responses indicate progress in only one category, advance training for public safety employees, due to a new law enacted this year which requires California cities to advertise in publications that reach potential applicants of all backgrounds, not just a certain target candidate pool. It will be interesting to see if this new law is successful in the hiring of more female personnel in the police and fire departments.

Although the *City of Tacoma* has established a Human Rights Commission, survey results point out they continue to focus on manager and employee training, tuition reimbursement and diversity awareness training as key elements to reinforce the importance of workforce diversity. In addition, Tacoma joins five other comparable cities to implement non-traditional job postings to their diversity recruitment efforts, which is an increase of three cities from 2001 survey findings.

Additional research would be required to get a more in-depth accounting of the diversity changes within each city. As was the case in the 2001 Baseline Audit, there appears to be no significant increase in the implementation of new diversity programs among some the cities surveyed. This may be a result of existing programs meeting the specific diversity goals for that city or that there is simply no strong sense of urgency from city stakeholders to implement additional diversity best practices in the workplace at this time. Finally, the anticipated audit of diversity practices by the City of Reno affords Tempe an excellent opportunity to examine this information and compare it with their own diversity approach.

In sum, the updated analysis of comparable cities indicate that the City of Tempe and the City of Reno continue to lead the pack in moving their diversity programs forward with the cities of Chandler and Amarillo making improvements in several categories. Although this review serves only as a snapshot of current progress and regress experienced by similar cities, the review does indicate that Tempe continues to be on the right track implementing policies and practices that promote a more diverse workplace.

Vertical Evaluation Study: Part 1, Analysis of Organizational Structure

A thorough and complete analysis of the City of Tempe's progress requires top-to-bottom vertical evaluation of the organization.. Extensive statistical analysis on workforce composition and patterns and trends is provided in the following section of this report: the Tempe Employee Database 2001-2004 Analysis. This section of the report compares and contrasts the organizational structure of the City of Tempe with that found in the 2001 Baseline Audit. Our focus here is to examine any overarching structural changes that support or hinder the City of Tempe's Diversity initiative.

Our analysis begins at the highest levels of management within the City, the City Manager's office. We see substantial change at this level from 2001 to 2004. Although the basic organization remains essentially the same for the most part, two key structural changes are evident – the formation of the Diversity Office and the establishment of the Internal Audit function. The Diversity Office has been reviewed extensively in other sections of this report. However, it is appropriate to reiterate that the establishment of the Diversity Office is a critical and important change. It is an effective and positive step toward managing the City's increasingly diverse workforce as described below.

The City's Section 408: Diversity Policy articulates the function of the Diversity Office in detail. It states, "The Diversity Office is created to serve all City of Tempe employees. One of the most important roles of the Diversity Office is to serve as a Safe Haven for any employee experiencing discrimination, retaliation or a hostile work environment. Employees can feel comfortable knowing the Diversity Office is independent from the normal chain of command." This represents a important change from 2001. Conflict management and employee concerns regarding retaliation were major findings in the 2001 Baseline Audit. The Diversity Office was clearly established to address this critical area.

Further, Section 408 outlines the specific responsibilities of the Diversity Manager. It states, "The Diversity Manager is responsible for the development, implementation, coordination, and monitoring of the City's diversity policies and shall serve as a Safe Haven for all City employees. The Diversity Manager will administer the investigation of the complaints of discrimination and/or harassment filed through the Diversity Office and will prepare findings and recommendations."

In our opinion, the establishment of the Diversity Office is an important structural change. It is well positioned within the broader organization as an independent office outside the normal chain of command. It is well-designed functionally; and, it focuses upon key areas for improvement identified in the Baseline Audit.

Another important change is the formation of the Internal Audit function. Although this function was not established to deal with diversity issues <u>per se</u>; the establishment of an internal audit function increases the checks and balances of the City of Tempe's operational structure. We believe this is a positive development, particularly given that 'lack of accountability' was another key finding from the Baseline Audit.

A key indicator whether the City of Tempe is managing diversity effectively pertains to the nature and degree of diversity throughout the organization, especially in the management ranks. Detailed statistical analysis of workforce composition with respect to diversity is provided the Database section of the report. However, we see significant and positive change at the highest levels of the City's management structure that merit further discussion.

The City Manager has a staff of 13 department level managers, including the two new offices discussed above. The City Manager had the opportunity to hire or promote an additional five new department heads from 2001 to 2004 as management slots opened up. From 2001 to 2004 we see increasing diversity at the top. Three new female managers, and two males, one an African-American male, have been promoted to the department head level. Another female manager was hired from the outside to head a key department. And two of the new female managers are Hispanic. Thus, we are beginning to see significant diversity at the top level of the City of Tempe.

Increasing diversity at the top is an extremely important finding for several reasons. First and foremost, it sends a positive message regarding diversity to rank and file employees. This message is strengthened by the process the City used to fill key slots such as the Diversity Office. Extensive employee forums ³were held so that employees could meet the potential candidates and have input on the selection. This inclusive selection process not only resulted in a well-qualified candidate – as evidenced in the findings throughout the Diversity Update study – it reinforced the importance of the Diversity Office. The inclusive process used to select employees at the highest levels helps make the *selection process transparent*. This suggests that the best qualified candidate, regardless of gender, race or ethnicity can rise all of the way to the top in the City of Tempe. And it minimizes potential perceptions of 'favoritism' or 'quotas.'

The best practices literature emphasizes the importance of effective role models in increasing organizational diversity. Employees who are in the minority in an organization – women and minorities specifically – often have a difficult time seeing themselves in positions of higher authority and responsibility. The increasing diversity at the City management level provides role models that can positively influence and inspire employees throughout the organization. In our opinion, this is a very positive change.

Finally, a number of other key structural changes that support diversity have been discussed throughout our analysis including the formation of the:

- 6-Sided Partnership;
- Diversity Steering Committee; and the
- Diversity Oversight Committee.

³ It should be noted that employee forums have been so successful that Human Resources now uses them regularly to fill key employee positions at all levels and areas within the City of Tempe.

In our opinion these are all extremely positive and productive structural changes that support the City of Tempe's diversity initiative.

Vertical Evaluation Study: Part 2, Management/Supervisory Demographics

We used the City's records of Regular Benefited Employees as of September 1, 2004 to assess the demographics of the City's management and supervisory positions. The City informed us in the fall, 2004 and again in February, 2005 that they do not directly track this information, as evidenced by a specific data field for managerial/supervisory positions in their employee database. Given this, we reviewed the information they do have on a position-by-position basis. It may be the case that we did not recognize certain positions as management or supervisor, when in fact they are. Thus, we recognize the data discussed below may lack complete accuracy. However, we believe that our analysis presents the most accurate view of the demographics of management in Tempe currently available for assessment. The data analyzed are found in the Appendix, titled 'Tempe Managers/Supervisors Data 2004: Demographics by Department'.

Looking at the Total Workforce, the data indicate males and Anglo/Caucasians occupy management positions at numbers greater than their overall workforce representation. Thus, males comprise 76% of management/supervisory positions while they represent 68% of the total workforce, an eight point disparity in favor of them. Further, Anglo/Caucasians comprise 80% of management/supervisory positions while representing 75% of the workforce. From these data, in 2004 it appears management/supervisory positions are more likely to be held by males and Anglo/Caucasians than one would expect, given workforce composition. These positions are less likely to be held by females and/or minority employees.

Further, there appear to be departments where these demographics are clearly out of line with the departmental demographics. For example in Financial Services, males hold two-thirds of the management positions, yet two-thirds of the department is staffed by females. In Fire, males comprise all 42 leadership positions even though females represent seven percent of that department's workforce.

There are also departments with leadership that is very reflective of the department's demographics. Most notably, the Police Department's numbers are clearly reflective of its employee base: Minority employees occupy 27% of managerial/supervisory positions but are only 16% of the workforce; females hold 31% of the leadership posts and comprise 32% of the workforce. These trends hold true to the granular level, African-Americans, Asian-Americans and Hispanics all hold leadership positions in numbers even greater than their departmental demographics would indicate. We believe this is extremely important for both internal reasons and for the public safety aspects of police work: Tempe's Police Department clearly affords females and minority employees opportunities to advance.

The most important finding from this aspect of the Vertical Evaluation is the lack of consistent, comprehensive and complete data regarding the target employee level: managers and supervisors. This is a *fundamental and serious flaw*, most critically as it relates to top management's and the Diversity Department's ability to make well-informed plans and decisions on diversity-related issues.

We strongly recommend the City designate a staff specialist, even hire one if necessary, specifically to work within the umbrella of the Diversity Department to remedy this and other data-related issues. This position would serve to coordinate creation, maintenance and updating of information sources and databases, like with IT for example, to build a system of tracking key diversity indicators over time. This is of vital importance, as our team is well aware of the difficulties created for management and employees by the lack of information and knowledge on such fundamental aspects of diversity as management/supervisory demographic detail.

The Tempe Employee Databases (T.E.D.'s), created by our team for this project directly from City employee data provided to us (and discussed in the next section of this report), are a prime example of the types of diversity-related information that can be created and tracked over time. In the case of management/supervisory issue, for example, a new field could be created in the T.E.D. specifically showing three levels of employment in the City: Manager, Supervisor and Line Employee. This field can be cross-tabulated with demographic data and departments to establish and track key indicators relative to diversity. Further, this would allow matching such measures in a database like T.E.D. with employee survey research categories. In a latter section of this report, the employee research conducted by our team specifically calls out quite differing opinions and attitudes relative to Managers, Supervisors and Line Employees. Such a triangulation of data sources will allow top management a much more thorough and comprehensive view of the workforce regarding diversity and other work-related issues.

Finally, from the data we do have, it certainly appears the City has much work to do to bring the demographics of leadership positions into line with workforce demographics. This should be a fundamental goal in building an effective and diverse workforce over the long term.

Vertical Evaluation Study: Part 3, Tempe Employee Database 2001-2004 Analysis

Introduction:

A key aspect of the Jamieson and Gutierrez Diversity Update is to determine how the City workforce is evolving over time regarding diversity issues. One method of determining this involves the survey research of the workforce. Another involves analyzing policies, procedures, regulations, records and such relative to diversity issues. A third is to compare and contrast Tempe with other, similar cities. Those analyses are in other sections of our update report. And a final method is to analyze workforce data from the City at different points in time. That method and the analytical results are what this document details.

More specifically, as a function of conducting the survey research in 2001 and 2004, our team has been provided databases each time from the City that include key information for every active employee. This was done to allow us the ability to independently and confidentially contact employees to survey them on workforce and diversity issues. The types of information we received from the City include raw demographic data such as name, department worked, month, day and year hired, pay grade, gender, ethnicity, telephone number and work status (full or part-time). Finally, for the purpose of the Diversity Update we requested data involving promotions of employees broken down by gender and ethnicity categories. (Please note that data on promotions in the City are from January, 2000 through October, 2004.)

Our team used the information from both 2001 and 2004 to compile and construct workforce databases with key data points for statistical analysis. An example of this involves pay grade. Pay grade information was provided to us by the City. And there are minimum and maximum salaries associated with each pay grade. We input that information into each database and then calculated the median (mid-point) dollar amount between the minimum and maximum for each pay grade. Thus, we used the pay grade information from the City to construct a new variable, pay category, for every single employee. Importantly, this *standardized* the various salary ranges for all employees, thus allowing us to statistically analyze pay categories from several points of view: department, gender, ethnicity, work status and length of employment. Such analyses tells us, for example, if there are diversity-related patterns regarding pay categories and, when comparing 2001 to 2004, how the workforce is evolving on this issue.

The remainder of this document discusses the key findings from analyses of the 2001, 2004 and combined Tempe Employee Databases (T.E.D.'s) The reader should note there are three iterations of the same crosstabulation tables appended: the 2001 data by demographics, the 2004 data by demographics and the percentage point <u>differences</u> between 2001 and 2004 by demographics. It is this last iteration of data tables where we will focus most of the analysis because that shows us what the actual trends are, that is, they show the recent evolution of the workforce relative to key demographics. The trend tables are shown first in the appendix to this document, followed by the 2004 tables and then the 2001 tables.

2004 Demographic Snapshot of the City Workforce:

As of October 1, 2004 the City's workforce was comprised of a total of 1584 employees. Overall (i.e., the workforce norms) include two-thirds (68%) male, one-third female, 75 percent are Anglo and a quarter ethnic minorities (19% are Hispanic). Further, a third of the workforce falls into pay categories below \$40,000 per year, a third fall into the \$40,000-\$49,900 category and a third fall into categories at or above \$50,000. The vast majority (98%) of the workforce is employed full-time by the City and about a fifth are newcomers (less than 4 years). Almost 40 percent have been with the City between 4 and 9 years, a quarter between 10 and 19 years and 15 percent have worked for the City 20 years or more.

Departments where women are a significantly higher percentage of the employee base than the workforce norm include City Clerk (100%), Economic Development (75%), City Manager/Diversity Department (83%), Human Resources (79%), City Court (72%), Community Services (72%), City Attorney (67%), Community Relations (67%), Financial Services (66%) and Development Services (43%). Many of these departments, the reader will note, have relatively small headcounts compared to others.

Departments where men are at or significantly more of the employee base than the workforce norm include Fire (93%), Public Works (87%), Water Utilities (84%), Information Technology (77%), Internal Audit (75%) and Police (68%-at the norm). Most of these departments have relatively large headcounts compared to others.

Departments where ethnic minorities are found above the workforce norm include Public Works (41%), Water Utilities (38%), City Attorney (35%), City Manager/Diversity (34%), Financial Services (34%), Human Resources (33%), and City Court (29%)...

Departments where ethnic minorities are substantially below the workforce norm include Fire (14%) and Police (17%). Closer to the norm but still below it are Community Services (21%), Development Services (21%) and Information Technology (22%).

The following departments have zero minorities but their headcount is very small: City Clerk, Economic Development and Internal Audit.

Departments where there are significantly more employees than the workforce norm in lower pay categories include Public Works (60%), City Court (56%), Financial Services (49%), Water Utilities (41%) and Human Resources (37%). Departments where there are more employees in the highest pay categories include Internal Audit (100%), Economic Development (75%), Information Technology (68%), Human Resources (58%), City Attorney (54%), Fire (53%), Community Relations (53%), Development Services (51%), City Manager/Diversity (50%), Community Services (48%) and Financial Services (41%).

Few part-time employees are found in the workforce (2%) but they are more likely to work in City Court (6%), Human Resources (11%) and Community Services (14%).

Departments most likely to have newer employees (less than 4 years) include Economic Development (50%), City Manager/Diversity (33%), Human Resources (26%), Internal Audit (25%), Development Services (25%), City Attorney (25%) and Police (24%).

Departments where we find a higher composition of mid-term employees (4 to 9 years) include City Court (75%), Human Resources (58%), Development Services (54%), City Attorney (50%), City Clerk (50%), Information Technology (49%) and Community Services (42%).

Departments more likely to be comprised of longer-term employees (10+ years) include City Manager/Diversity (67%), Fire (65%), Water Utilities (54%), City Clerk (50%), Internal Audit (50%), Community Relations (53%) and Public Works (45%).

Regarding gender, the 2004 snapshot indicates, on balance, minority women are found at the overall workforce norm (33%). Asian/Oriental and Native American women are more likely to work for the City than men. Women are represented at the workforce norm or above it in several pay categories covering quite a bit of income ground: \$30-\$39.9K, \$50-59.9K and \$80K plus. They are more likely to be part-time employees (81% of part-timers) and they are less likely to be longer-term employees.

Regarding ethnicity, minority employees are more likely to fall into lower pay categories, particularly Hispanic employees. Over half of those in the two lowest pay categories are minority and most of those are Hispanic. Almost a third of part-time employees are minority and minorities are more likely to be newer employees. Finally, there is no gender skew regarding minorities as they comprise 25 percent of the men and 26 percent of the women in the workforce.

2001-2004 Workforce Trends:

The trends shown through analysis of T.E.D. are the strongest indicators, in our view, of precisely what systemic changes are occurring in Tempe's workforce relative to diversity. These trends are captured in the tables in the Appendix titled 'Tempe Employee Database 2001-2004 Data Tables'.

Total Workforce Trends:

Regarding the total workforce, we find a slight shift on the gender demographic. Thus, from 2001 to 2004, the proportion of women in the workforce increased by one percentage point while the proportion of men declined by one point. While not a large change, it is movement in the right direction and it may be purposeful, that is, a result of strategic decisions taken by management regarding diversity, specifically gender. There is more on the latter topic below.

Regarding ethnicity, we find no change during this time in the proportion of minorities in the total workforce. Minority employees continue to comprise a quarter of the entire workforce in Tempe. In addition, there was no change regarding work status (full or parttime) during this time. Part-time employees continue to comprise only a fraction of the workforce.

Regarding pay categories, we do find significant movement in all of them. Generally speaking, it appears employees are moving from lower to higher pay categories, which is a normal condition for existing employees. Interestingly, though, one would expect to find new employees filling in those lower pay categories so that the proportions of employees in any given category would not change much over only three years. That, however, is not the case. There is significant movement in all categories, particularly at the lower end with fewer employees in them.

We believe this is a result of Tempe's reduction in force (RIF) undertaken since 2001 and, possibly, with key promotions/pay increases (see below). The RIF reduced the total workforce (by 78 employees according to the data in T.E.D.). It likely resulted in some reductions among existing employees and also leaving some job openings vacant, as well. This appears to explain the pattern among pay categories that we see: existing (continuing) employees move up, as they would normally, but new employees are not brought in to fill lower pay category slots. Thus, overall, the proportions of employees in given pay categories would change, with more in higher categories and fewer in lower ones.

The data shown regarding length of employment with the City support such a conclusion. There we find a significant decline in the proportion of newer employees (less than 1 year, 1 to 3 years) comprising the workforce. We also find a decline in the proportion of some mid-term employees (10 to 14 years) comprising the workforce. Other length of employment categories show increases, as existing employees move up in these categories over time. This pattern would jibe with a RIF strategy that reduced some existing head counts and did not fill new or other existing employment slots.

Thus, regarding the total workforce summary data, there appears to be two major trends operative: 1) positive effects of a diversity-related strategy to increase the proportion of women in the workforce and 2) workforce changes as a result of budget-driven RIF actions in the recent past.

Department Level Trends on Gender:

If top City management has decided to increase the proportion of women in the workforce as part of its diversity strategy, the department level data indicate they are experiencing outstanding successes and dramatic failures depending on which department one looks at.

(The reader should note the following departments are small in terms of head count, so that a change of even a single employee can result in a high percentage of change. These are City Manager/Diversity Department, City Clerk, Economic Development and Internal Audit.)

More specifically, we find several departments have made great strides in increasing the proportions of women in their departments. These departments are the models for others to follow. They show, with concrete action, positive results can certainly be achieved.

These include: City Manager/Diversity Department (+43 pts.), Community Relations (+10 pts.), City Attorney (+9 pts.), Development Services (+5 pts.), Financial Services (+3 pts.), Human Resources (+3 pts.) and, importantly, Police (+2 pts.).

We wish to specifically recognize the positive change in the Police department because it is the City's largest, its mission involves vital public safety issues and it has a strong command structure. In short, they are positively increasing gender diversity and if PD can do it, other departments can.

Departments where we find no change at all in the proportion of women during this period include: Information Technology, Community Services, Public Works, City Clerk and Economic Development.

Departments which have unfortunately *decreased* the proportion of women employees include: City Court (-7 pts.), Internal Audit (-7 pts.), Water Utilities (-3 pts.) and, importantly, Fire (-2 pts.).

The finding for the Fire department on this issue is particularly problematic for several reasons: 1) it is a department with a significant head count (154) and, thus, should be one where positive change can be more readily achieved, and 2) Fire is so dominated by male employees (93%) that the issue must be addressed *if the workforce is to take City elected and organizational leadership seriously regarding diversity*, and 3) our team *specifically* noted to the Mayor and Council in 2001 the need to address the issue of gender composition in this department, yet Fire has not done so since, and 4) most disturbingly, not only has Fire failed to increase the proportion of women employees, it has actually reduced their number. (Reader's note: we recognize the passing of one of Tempe's female fire fighters this past year has an impact on these numbers. With her loss in mind, we must most respectfully also say the gender composition issue remains in Fire.)

In short, Fire is on the wrong track on the gender composition issue. We are highly concerned about this and we strongly suggest the Mayor, Council and City Manager require a <u>specific</u> corrective action plan to begin to eliminate this problem in the shortest time possible. Further, because Fire has shown ineffectiveness in addressing the gender issue on its own, we believe this department will require coordination with the City Manager's office and oversight to ensure progress over time.

Department Level Trends on Ethnicity:

As noted earlier, the City workforce has seen no change in the proportion of minorities comprising it during the 2001-2004 period. However, as with gender, the detailed

summary tables appended show some departments have made significant strides, others show no change and some show disturbing backslides on ethnic composition.

More specifically, minorities have registered significant workforce gains in some departments, most notably City Attorney (+16 pts.), City Manager/Diversity Department (+14 pts.), Community Relations (+6 pts.), Financial Services (+4 pts.), Information Technology (+4 pts.), Public Works (+2 pts.), Water Utilities (+2 pts.) and Community Services (+1 pt.). These departments are proof positive that gains in minority workforce composition can be made with strong, focused leadership. And it is also important to note several of these departments have new leadership (e.g., City Attorney, Financial Services, Information Technology, Public Works). Thus, it appears those new leaders are successfully embracing diversity changes and actively building more ethnically diverse departments. We are very pleased to see their successes show up in these data.

Other departments have, like the City overall, made no progress on the minority workforce composition issue. These include: Human Resources, Police, Fire, City Clerk and Internal Audit.

Together, PD and Fire comprise 40.7% of the total workforce. The lack of progress in such large departments as those on minority composition drags the workforce-wide change numbers down, therefore *overshadowing* the important positive changes found among the departments mentioned above. Thus, it is important these two departments make real progress on this issue, along with the other departments mentioned.

It is not lost on us that two other large departments, Public Works and Water Utilities, are doing an excellent job, posting gains in minority workforce composition. Thus, department size, complexity, mission, whatever, clearly do not account for the lack of progress from other City departments.

Departments where minority workforce composition has declined during 2001-2004 include: City Court (-4 pts.), Development Services (-3 pts.) and Economic Development (-25 pts.; a small department of eight employees). As with some departments on the gender issue, these are losing ground on minority composition, backsliding and that, quite simply, must be unacceptable to elected and top organizational leadership of the City. We strongly recommend the City Manager meet with these department heads specifically on this issue to ensure they will be implementing corrective actions to begin solving this problem.

Department Level Trends on Pay Categories:

As noted earlier, the City workforce is generally moving up regarding pay categories, a development we surmise is partly the normal movement of existing employees and also a result of Tempe's RIF actions since 2001. The summary data show more relative movement in some departments than in others on this issue. We do not purport to be in a position to determine whether movement, or the lack of it, is positive or negative. We will simply report the patterns of movement as shown in the data.

The data show more relative upward pay category movement compared to the workforce norm among all departments except City Court, Police and Public Works. These three departments comprise 54.6% of the total workforce, so, generally speaking, recent upward movement has reached only about 45%. While there has, of course, been upward movement in every department, the *degree* of upward movement found in the workforce is actually mirrored in departments representing less than half of the workforce.

As noted above, we are not in the position to make a value judgment on whether the patterns noted are positive or negative, good or bad, problematic or not. *The patterns are what they are*. However, elected and organizational leadership may want to revisit this issue amongst themselves to ensure these are the patterns they are comfortable with, given findings of this update and other information. For example, Public Works has shown leadership and consistent positive action throughout almost all aspects of this update. Given this, is the pattern of pay category movement noted for them what leadership wants? We can't answer that question, but we do think it deserves discussion. The issue is similar in PD. While the update shows they have several issues to address, they have made some progress on some issues. They are trying, at least to a degree. This appears to be more so than Fire, for example. Is the pay category pattern noted for them what leadership wants? Again a question, we believe, for discussion at the highest levels of the City.

This does bring us to a key strategic issue we strongly suggest City leadership consider: systematic and institutional positive reinforcement for advancement on diversity issues. A common practice in organizations involves public recognition and/or monetary reward for outstanding work performance and achievement. This encourages positive behavior change. Does leadership want to use that model relative to diversity? It would certainly reinforce actions advancing and compliance with publicly-stated organizational policy. Further, it might lessen negative perceptions and/or feelings relative to diversity change. Positive diversity change becomes overtly and unabashedly beneficial, to departments and employees. We recommend City leadership consider formalizing such considerations in a publicly-recognized and individually beneficial Diversity Progress Awards system.

Department Level Trend Data on Length of Employment:

We noted earlier patterns in the T.E.D. relative to length of employment workforce-wide. These were a decline the percentages of: 1) new employees and 2) a decline in some midterm employees.

The summary data clearly indicate these patterns are found in all departments of the City, some more so than others. For example, we see above-the-norm declines in new employees among most every department, save City Attorney, Financial Services, Development Services, Public Works and Water Utilities. The data indicate above-the-norm declines in the number of mid-term employees in the City Attorney, Human Resources, Community Services, Public Works, City Clerk, Water Utilities, Economic Development and Community Relations departments.

We further noted the patterns likely relate to the City's 2001-2004 RIF strategy and actions and also the natural progression of existing employees through these categories.

If that is so, then the data indicate the RIF strategy and natural movement across categories is clearly resulting in a longer-term workforce in the City and that would show leadership's efforts in this regard have been successful.

Promotion Patterns:

In the period from January, 2000 to October, 2004, the City reports a total of 390 employee promotions. Assuming an approximate total workforce of 1600 during the period, (it was 1584 as of October, 2004), this is a promotion rate of 24.38 percent. Thus, on average about one in four employees of the City have been promoted in the four + years in which we have data.

The City's data also indicate how those promotions break down regarding gender and ethnicity. They report 121 promotions of women, or 31% of all promotions, and 125 promotions of ethnic minorities, or 32% of all promotions. Given total workforce composition of 32% for women and 25% for minorities, the gender and ethnicity detail on promotions compares favorably with the workforce composition data.

In fact, it appears from them that minority employees have received a higher share of promotions during this period than might be expected, given workforce composition. It further appears from the data that Hispanic employees are the beneficiary of the majority of these "higher than expected" numbers of promotions among minorities. Comprising 19% of the workforce, Hispanic employees received 102 promotions, or 26% of the total promotions awarded.

The data indicate other minority groups received promotions roughly on par with their proportions in the total workforce: African-American (4% of the workforce, 3% of promotions), Asian-Oriental (1% of the workforce, 1.28% of promotions), Native American (1% of workforce, .77% of promotions).

Thus, based on the City data, it appears Tempe's patterns of promotion over the recent past are reflective of workforce composition, particularly regarding gender and ethnicity. The data also indicate a slightly higher than expected number of promotions have been awarded to Hispanic employees. In short, these patterns indicate a very positive structural or systemic orientation in the recent past concerning promotions of women and minorities in the City.

Key Conflict Indicators Study: Part 1, Systems and Cases Review

Jamieson & Gutierrez conducted a thorough review of all key conflict indicators within the organization. Although this evaluation was limited to activity that occurred since the 2001 Baseline Audit, it included a review of formal grievances, complaints filed with the Equal Employment Opportunity Commission and Merit Board Actions.

Prior to delving into the actual analysis of the key conflict indicators, some general observations regarding the processing of conflict indicators by the Human Resources Department are in order. First, there has been a noticeable improvement in the manner by which records are maintained within the department since the Baseline Audit. The various files provided and reviewed were easily accessible, well organized, comprehensible and complete. It is very apparent that most, it not all, of the concerns raised in the Audit concerning the department's maintenance of records have been sufficiently addressed. The result of these improvements is a more professional and efficient Human Resources Department to serve the City of Tempe.

A second area of marked improvement related to the timely processing of complaints by the Human Resources Department. During the 2001 Baseline Audit, our team discovered numerous instances wherein employee complaints went, not only unaddressed, but also unprocessed for extensive periods of time. For example, it was not uncommon to have an employee complaint lie dormant for months without sufficient justification. Word of the department's inaction would spread throughout the organization and the Human Resources Department developed a reputation among employees for being completely unresponsive to employee concerns. Obviously, this reputation created a lack of confidence within the workforce that hindered both the Department's functions and the entire organization's effectiveness.

The most recent review of key conflict indicators suggests that the Human Resources Department has made major strides in the processing of employee complaints. It was not our role to second-guess the ultimate resolution of the complaints, instead we evaluated the City's *processing* of the complaints – and we found that they are being processed very efficiently. Specifically, the files reviewed indicate that when complaints were received, they were properly documented and there was contact by department personnel with the complainant in a timely manner throughout the duration of the complaint process.

Further, the total time period necessary for fully addressing the complaint, formally and/or informally, was significantly reduced since the Baseline Audit. This newfound efficiency within the department has resulted in an improved image of the department among employees as reflected in the employee survey. That improvement has bred greater confidence in the Human Resources Department and that is critical to achieving the diversity goals of the organization.

The firm reviewed all grievances/complaints submitted to the department since the 2001 Baseline Audit. This consisted of approximately ten files that were in the possession of

the department. It should be noted that this total is not an abnormal amount of complaints given the size of the organization. All of the complaints, however, fell into the following general areas:

- Sexual Harassment
- Gender Discrimination
- Age Discrimination
- Racial Discrimination
- National Origin Discrimination
- Americans with Disabilities Discrimination
- Sexual Orientation Discrimination
- Hostile Work Environment

The vast majority of these complaints were resolved in some fashion within sixty (60) days of receipt of the complaint by the Human Resources Department. For the purposes of this report resolution included the following:

- Complainant Satisfied
- Investigation Completed and Unsubstantiated
- Investigation Completed and Substantiated
- Complaint Filed with Equal Employment Opportunity Commission (EEOC)
- Resolution via Mediation
- Equal Employment Opportunity Commission (EEOC) Determination
- Settlement of Claim

Although the most common form of resolution was a complaint filed with EEOC, it should be noted that this is a right retained by every employee, a right over which the City has no control or influence. Thus, those employees who elected to pursue their remedies with the EEOC should be judged not on the filing of the complaint but rather the merits of those complaints as determined by the EEOC findings.

We found two instances in which the City entered into a financial settlement to resolve claims; one involved an employee alleging discrimination under the Americans with Disabilities Act, who upon reaching a settlement with the City, dropped all claims. The second case began in March 2001 and led to a U.S. Department of Justice Notice of Right to Sue determination which led to civil litigation and a settlement of wrongful termination claims in which the City paid nearly \$75,000.

In addition to allegations of discrimination, the team reviewed three (3) matters that were presented to the Tempe Merit Board. In each of the cases reviewed, the City had terminated the employee pursuant to disciplinary action. In two of the cases, the Merit Board upheld the terminations of the employees. In the third case, the Merit Board reduced a termination to a one-week suspension.

Although the Human Resources Department continues to receive complaints from employees, that fact, to a certain extent, actually confirms the employees' belief in the system. However, one cannot ignore the fact that the City has seen a noticeable decline in the number of key conflict indicators since the Baseline Audit. More importantly, the number of those complaints with merit, as determined by the various resolution alternatives, has also declined dramatically. Thus, the City seems to have restored much of the confidence in Human Resources and appears to be reaping the benefits of creating a diversity-friendly environment.

Key Conflict Indicators Study: Part 2, Merit Board, EEOC, Grievance Data Analysis

This report is part of the Jamieson and Gutierrez Diversity Update report and represents our analysis of some of the key conflict indicators relative to diversity issues in the City workforce. The analysis below is based on tabular data provided us by the City involving Merit Board cases, Equal Employment Opportunity Commission (EEOC) cases and grievance cases filed by employees against the City. The data are from the period of 2002 through October, 2004.

Merit Board Cases:

The City supplied us fairly detailed data regarding Merit Board cases during the period 2002-October, 2004. In this period a total of seven (7) cases were submitted and six (6) of those were resolved. One case remains pending as of this writing. With an average of workforce of 1600, this represents only one-half of one percent (.44%) of the total workforce filing a formal case with the Merit Board during the period.

The raw number of only seven Merit Board cases makes analyzing workforce patterns difficult, if not impossible. Therefore, we will discuss the cases in anecdotal terms, only drawing one global conclusion (see below) because of this.

The data by year indicate one case was filed in 2002, four in 2003 and two in 2004. Thus, in each of the years we find a very low number of cases referred to the Merit Board.

Of the six resolved cases, the City's termination actions were upheld in five (5) and one (1) employee was reinstated, their complaint determined valid. (This was a case in the Public Works department in 2003 involving a white male employee.)

The data indicate three of the cases originated in the Public Works department, two in the Police department, one each in Development Services and Community Services. The case wherein the employee was reinstated originated in Public Works, as noted above, as does the case still pending as of this writing. The cases in Police, Community and Development Services were resolved in the City's favor.

The data also indicate three of the cases were filed by Anglo/Caucasian employees, three by Hispanic employees and one by an African American employee. Thus, the few cases brought to the Merit Board over the recent past include employees from various ethnic groups.

Further, the majority of the cases were brought to the Merit Board by males (5) while females brought only two cases to them.

In summary, the low number of cases (7) brought to the Merit Board in the 2002-October, 2004 time period is the single key finding from our analysis. The fact that a miniscule percentage (.44%) of employees felt the need to bring their complaint up to the Merit Board is very encouraging in a total workforce averaging around 1600 employees.

We believe this is a significant indicator of a lack of systemic or structural bias relative to diverse groups. In short, with few cases brought, the obvious conclusion is that policies, procedures and management actions relative to diversity issues and employees are satisfactory and effective for the vast majority of the City's workforce.

EEOC Cases:

The data supplied by the City indicate a total of 10 cases were filed with the EEOC in the 2002-October, 2004 time period. Some of these cases may be extensions of cases brought before the Merit Board. Others are new, or separate actions.

We again find these cases represent a very low percentage relative to the workforce, only slightly more than one half of one percent (.63%). As with the Merit Board cases, the raw number is so low as to preclude most efforts at global, or workforce-wide, conclusions. Thus, as with the Board cases, we will discuss them in anecdotal terms. Importantly, all ten cases were resolved and all were resolved in favor of the City.

Further, we note one case was filed in 2002, eight in 2003 and one in 2004, up to the month of October. As with Merit Board cases, in each year we find a very low percentage of the workforce filed an EEOC case.

The data indicate six of the cases originated in Public Works, two in Police, and one each in Development Services and Community Services.

They also indicate employees of various ethnic backgrounds filed the cases, including Anglo/Caucasian (4), Hispanic (4), African American (1) and one of unknown ethnic background. Further, six of the cases were brought by female employees while four were brought by males.

The essence of the allegations in these cases is varied, but all involve diversity-related issues. Some involve allegations of discrimination based on national origin, race and ethnicity, some involve allegations of gender discrimination, others involve allegations of age discrimination and/or disability-based discrimination. Three of the cases involve allegations of retaliation, an issue our 2001 original baseline audit highlighted as a concern.

As with Merit Board cases, the single key finding on EEOC cases is that few were filed, thus indicating the vast majority of employees are satisfied in their work situations relative to these diversity-related issues. Further, the fact all 10 cases were resolved in favor of the City tends to underscore that point.

Formal Grievance Cases filed:

The final area of our analysis in this section of the audit update looked at grievance cases filed during the 2002-October, 2004 time period. A total of 13 cases were filed, representing almost one percent (.8%) of the total workforce.

The data indicate three cases were brought in 2002, five in 2003 and five in 2004, up to and including October. Five of the cases originated in PD, four in Public Works, two in Water Utilities and one each in Development Services and Community Services. Regarding ethnic background, six of the cases were brought by Anglo/Caucasian employees, six by Hispanic employees and one by an Asian/Oriental employee. Nine of the cases were filed by males and four by females.

Twelve of the cases were found to be unsubstantiated and one is pending as of the time of this writing. One of the cases found to be unsubstantiated nevertheless also found inconsistent administration of City policies such that the employee was granted compensation (paid time off) and it generated a review by HR and department management to address an apparently serious failure in communication on the part of the supervisor involved. This case also highlighted inconsistent administration of overtime policies and training issues in the department involved (PD). The findings from the case regarding management improvement appear to be addressed in an effective manner: outside review and recommendations on training (from HR) and attempts to increase communications effectiveness with this supervisor.

Six of the cases required no further action on the part of the City because of the finding the allegations were unsubstantiated. Three of the cases resulted in management accepting employee requests for reassignment or transfer, two resulted in a further action by the employee (filing EEOC complaints), one (discussed above) resulted in employee compensation and management improvement and one is still pending.

The essence of the grievance complaints filed during this period is quite varied but all are diversity-related. They include allegations of hostile work environments among several (including one over sexual orientation in PD), sexual harassment, discriminatory employment practices, gender, ethnicity and age discrimination and retaliation.

In summary, we find the fact relatively few formal complaints have been filed during this period, whether through the Merit Board, EEOC or grievance procedures, is positive, indicating a more general satisfaction with the workplace environment among the vast majority of employees.

It is very important for the reader to understand a key distinction we've drawn in our Key Conflict Indicators report. That distinction involves the <u>resolution</u> of complaints versus the <u>content</u> of complaints. In our detailed Part 1 Cases and Systems Review, our team concludes the resolution of most cases in favor of the City is a very strong positive, indicating most allegations proved to be without merit. But in this, the Part 2 Data Analysis, we <u>also</u> conclude that the content of most of the complaints filed is very serious and should be addressed in a serious and fair manner. From these data, that does appear to be the case in Tempe.

Finally, we also know from extensive experience that an employee filing a formal complaint against an employer is a very strong move on their part, often a move of 'last

resort'. It is usually a frustrated attempt to bring 'justice' into play by the employee. The fact few were filed during this period of review is, indeed, positive but it underscores the need for City management to remain committed to honest, comprehensive and just evaluation of every single one. Further, it is imperative management ensure no sanction or retaliation is tolerated when an employee takes such a major action. In short, the City appears to be doing a good job regarding its handling of formal complaints but this simply means they must not, ever, lose focus and allow effectiveness on this issue to slip.

Executive Interviews and Program Review Study

Introduction:

An executive interview study was conducted to identify the value, strengths and weaknesses of the Tempe Diversity Action/Response Plan. The data was collected through one-on-one interviews using a series of prepared questions (See the Executive Interview Protocol in the Appendix of this report). Interviewers tailored their questions based upon each individual's area of expertise, their position in the City and their level of involvement in the diversity initiative. Additionally, we collected key documentation to assess the effectiveness of diversity programs and processes. The subsequent report includes our findings from review and content analysis of these key support materials.

Specific interview candidates were selected from a list of supervisors, managers, department heads and elected officials involved with the City's diversity efforts. A sample group of twelve individuals was chosen for the interview. Interviewees included key City stakeholders such as the city manager, department heads, middle managers, diversity committee members, employee task force members and city council members.

City stakeholders were sent an email notification about the interviews and contacted by telephone to schedule a time and location for each interview. All interviews were conducted in Study Room E in the lower level of the Tempe Library. The interview session was limited to 30 minutes each and tape recordings were used to ensure the accuracy of content.

Summary of the Findings:

The following presents the major findings of this study. Each of the findings below is discussed in detail in the body of the report.

- Our review of the many changes that the City has made since the 2001 Baseline Audit indicates that the City of Tempe has made good progress, particularly in making effective structural changes to support diversity. We give the City high marks in this regard. The establishment of an effective Diversity Office is a case in point. The Diversity Manager is well positioned, reporting directly to the City Manager. The office is well designed. It is chartered to spearhead the diversity initiative including coordinating with the broader Tempe community, developing effective diversity interventions and supporting/coaching employees and managers. The Diversity Office has a critical function and it appears to be managing it well.
- The Diversity Steering Committee which was formed in response to the 2001 Baseline Audit also appears to be working very well. It is comprised of a representative group of employees, middle managers and department heads from the key stakeholder groups in the City. It is chartered to develop and implement the City's diversity plan. And it is producing tangible results as seen in the form of the City's Diversity Action Plan.

- Respondents are particularly positive regarding the 6-Sided Partnership which was formed to bring employees together to work issues of mutual concern, including diversity. In our opinion, the City has done an outstanding job making this innovative decision-making group effective. The 6-Sided Partnership gives employees a voice and it provides a representative forum for discussing issues and recommendations. The Partnership has tackled tough issues and come to consensus on practical solutions. We are very impressed with how the 6 Sided-Partnership works.
- Overall we give the City high marks on being responsive to the 2001 Baseline Audit.
 The City has addressed virtually all key issues identified in our preliminary analysis
 over the past three years. The City's Diversity Action Plan targets five focal areas:
 inclusion, good old boy network, bias, promotion and conflict. And our review
 reveals progress in every area, especially inclusion and conflict.
- The City has made inclusion the cornerstone of its diversity initiative. The 6-Sided Partnership and the Diversity Steering Committee were designed specifically to be inclusive employee-management forums. Mandatory Skills Training III educates managers and employees on the importance of inclusion and provides processes designed to promote inclusion in the workplace. And creating an inclusive workplace climate is the first thing respondents cite as an accomplishment. Clearly, the City understands the importance of inclusion and is broadly promoting it, making it part of how the City does its business. This is a critical paradigm shift and a major accomplishment.
- Conflict management is another areas where the City has made significant strides.
 Conflict has been addressed in a variety of ways including promoting a safe haven for employees to resolve conflict, establishing the Diversity Office, offering mediation through the human resource department and other mechanisms. This was an area of great concern in the initial audit and we are pleased to see the City focusing on this key area.
- The City has also created programs to help them manage diversity. Most are still in development or in the pilot phase; therefore, it is premature to comment on their effectiveness. However, we have observed that at least two relatively long standing programs have been poorly utilized the mediation program and the Individual Development Plan (IDP). There seems to be a plan in place to promote the mediation program so that employees understand it and use it. As to the IDP, respondents acknowledge that most employees 'don't like it or use it'. The IDP does not appear to be working well for most employees. Perhaps it is time to explore other career development options.
- The more critical issue, in our view, is the fact that the City replaced their formal performance review system with the IDP. We think this is a mistake. In our opinion, employees and supervisors benefit from the checks and balances provided by a formal

- review process which is overseen by Human Resources. This issue came up in the 2001 Baseline Audit. We are very concerned that the lack of a formal performance review system leaves the City vulnerable to charges of discrimination when it comes to job assignments, career development opportunities and promotions. And it potentially leaves the employee in the dark about their job performance and areas for improvement. The IDP, which is a voluntary program, does not address these issues. We see no progress on this key concern to date.
- Among the many programs reviewed, we single out SOLVE as exemplifying how to build diversity skills into the everyday workplace. SOLVE is a five step problem resolution process which is being introduced in MST III and in workshops for all employees. In our opinion, the City is definitely on the right track in providing tangible hands-on diversity tools for employees to understand and manage conflict.. Impacting employees at the behavioral level promotes the type of cultural change the City of Tempe needs to support their diversity efforts.
- In the 2001 Audit we found significant accountability issues in the City when it came to making broad cultural change. Accountability still appears to be an issue as evidenced by the lack of follow through on individual department action plans. This is a major red flag. Diversity is more than an attitude of acceptance and tolerance; it manifests at the behavior level in those organizations that manage diversity effectively. The Diversity Steering Committee recognized this and made diversity action plans mandatory at the department level; yet, according to respondents, some departments have not really committed to the City's Diversity Plan. *This is unacceptable in our view. We strongly recommend that the City Manager personally oversee this component of the action plan.* In our opinion, department heads that are not leading the diversity effort in their groups must be directly confronted. Those 'lagging departments' need to be scrutinized. Support and/or sanctions should be provided depending on what the particular situation merits. Accountability of results is clearly the responsibility of the City Manager and his staff.

Detailed Findings:

The following sections look at key structural changes as well as individual diversity programs and processes to assess what is working well and what needs to be improved.

City of Tempe Cultural Climate:

Respondents agree that they see a significant change in Tempe's culture since the 2001 Baseline Audit. They say that the city's culture has seen a positive change particularly in terms of openness within the workplace and the willingness of employees to bring forward issues to management. This is a significant shift in our opinion. Lack of openness and communication issues were key problems identified in 2001. Specifically,

employees told us that, in the past, questions were perceived to be criticism by some managers and supervisors. Additionally, some employees were afraid to speak up in their work groups. The 2001 employee survey established that at least a quarter of employees feared retaliation if they raised issues in their groups. According to executive respondents today, the workplace environment has changed. There are checks and balances in place to support more openness. Equally important there are a number of mechanisms in place which encourage employees to communicate proactively to resolve issues before they escalate.

In the respondents' view, management efforts to build open communications into daily management practices and nurturing it in the workplace are now clearly evident in *most* departments. Management messages and directives are clearly conveyed through a variety of communication options which include weekly management newsletters, bimonthly meetings with the City Manager, 6-Sided Partnership, regular TEC/TSC meetings, monthly HR meetings and the City of Tempe Diversity Website. Respondents attribute much of this progress to changes seen at the management and supervisor levels. Managers and supervisors are actively involved in goal setting, implementation and creating an open door policy for employees. The City Manager continues to be viewed as a strong leader and advocate for existing efforts to keep employees involved and apprised of issues affecting the workforce.

The 2001 Baseline Audit advocated building a strong participatory culture, characterized by employee empowerment, as the foundation for building a positive, diverse workforce. Managers agree that participatory management and employee empowerment is a key part of the culture change they have been making over the last three years. They believe they have been very successful thus far. They say that empowered employees will keep the organization moving forward. In their view employee forums, the 360-degree reviews at Public Works, the 6-Sided Partnership, the TEC have proven effective. One interviewee summarizes respondents' sentiment, "These and other mechanisms are motivating and involving employees at all levels to work together to keep this City moving forward. These successes reflect an overall improvement in the City of Tempe to empower the workforce and hold managers and supervisors accountable for implementing and understanding diversity policies."

Respondents say that the city has worked very hard and come a long way in implementing programs to address the issues identified in the original audit. Conflict management is a case in point. They say that the Safe Haven and the Mediation programs are being used and employees now have choices in their work environment to resolve their issues. While these programs will continue to foster open communication and problem solving, some respondents believe that the next big issue in the City is not diversity, discrimination or fairness but employee pay. As one respondent put it, "the big issues right now in terms of employee relations have moved from human relation issues to bread and butter issues." While current retention and training strategies have proven to be effective, recognition of performance through employee pay and retaining good employees will present challenges for city management and will continue to do so as the city works with a changing city budget and state shared revenues.

Diversity Office:

The Diversity Office was established as one of the first action items arising out of the 2001 Baseline Audit. It is headed by a Diversity Manager who reports directly to the City Manager. This office is chartered to work on ongoing diversity issues and to spearhead cultural change. The Diversity Manager leads the Diversity Steering Committee and is the external interface with the broader community including the Human Relations Commission (HRC.) This office also operates as one of many 'safe havens' for employees, directly responding to the 2001 audit concerns regarding effective conflict management and resolution.

In our opinion, this Diversity Office is highly effective, which is not always the case in other organizations. Many designate a diversity director or manager when they are confronted with diversity issues. These so-called 'directors' are frequently buried in the organization in training or human resources. Moreover, they are often figurehead positions without power and authority. The City of Tempe is to be commended for elevating this position to senior staff. Thus, the Diversity Manager has the power and authority needed to do the job effectively. This organizational positioning is important for perceptual reasons as well. It communicates that the City is serious about diversity and that it is important.

In our opinion, the Diversity Manager is to be congratulated for developing a very effective, well-respected Diversity Office. The Diversity Office is responsible for:

- Facilitating the Diversity Steering Committee;
- Coordinating diversity issues with the Human Resource Commission (HRC);
- Providing a safe haven to resolve employee diversity issues and concerns;
- Managing, developing and piloting several key diversity programs;
- Supporting employee task force groups working on diversity initiatives.
- Working with local cities to combine ideas, talents and resources on key multicultural events;
- Coaching department managers as needed to support them on their individual departmental action plans; and
- Collecting diversity outcome indicators to monitor the City's progress.

Asked what she sees as her Office's key accomplishments, the Diversity Manager cites the items listed below:

- 2004 City Cultural Diversity Award from the National League of Cities National Black Caucus of Local Elected Officials.
- 2004 AZSHRM Workforce Diversity Award (AZ State Human Resource Management)
- Mentoring Program
- Who's Your Neighbor Program (Features key topics Muslim Community, People with Disabilities and Homeless People)

• Multicultural and Women's Employee Task Force Committees established

In our opinion, receiving public recognition from key outside organizations is quite impressive, especially for an Office that has been in existence for a relatively short time.

Finally, the Diversity Office has an extremely small staff. Therefore, they must rely on substantial support from other parts of the organization, especially Human Resources and Training. We are pleased to report our interviews and program review indicate exceptionally good cooperation and support among these key departments.

Oversight Committee:

The Diversity Office works with an Oversight Committee consisting of the city manager, an HRC Representative and two city council members. The Diversity Oversight Committee is chartered to guide and support the City of Tempe as it implements its diversity initiatives. The Human Relations Commission provides a beneficial community perspective and city council members help ensure necessary resources are available to support change. The Diversity Manager presents regular progress reports to the Oversight Committee and meets with them to work issues as needed. Most importantly, the Oversight Committee is in place to ensure accountability of diversity results.

Human Relations Commission:

The Human Relations Commission played an invaluable role in developing the initial scope and requirements of the 2001 Baseline Audit. They continue to play a key role via their participation in the Oversight Committee as described above. They provide information, resources and a highly valuable external community perspective to the City, especially the Diversity Manager.

6-Sided Partnership:

The need to solve challenging and sometimes divisive issues has led to the creation of the 6-Sided Partnership. Respondents agree that the 6-Sided Partnership promotes participation with key employee groups and has reshaped the organizational environment. As one respondent stated, "It provides an opportunity to safely raise and address issues without fear of reprisal." Most importantly, it puts divisive issues into the Partnership's hands and allows employees to work together to solve the toughest problems. Another respondent adds, "It is an open process and everyone can participate; thus, there is no 'bad guy' to blame once the decision is made."

In our view, the 6-Sided Partnership is a highly innovative way to manage a diverse workforce. Inclusion is at the heart of an effective diversity effort. The City of Tempe deserves tremendous credit for creating an open process which encourages employees to become responsible problem-solvers. In 2001 the Partnership was between the City Manager, Fire, Police and the Tempe Employee Council. Today it has expanded to

include supervisors – The Tempe Supervisors Council (TSC) – and the Service Employees International Union. This type of open communication, evidenced by the expanding partnership, is very encouraging.

Asked to provide examples of key results, respondents identified the City health insurance issue as an example of how the 6-Sided Partnership can help bring resolution to an issue that affects the entire employee base. Others cited the Partnership as being instrumental in helping revise the City's rules and regulations.

In our opinion, the 6-Sided Partnership is working well. As the City continues to make progress on their plan we would like to see more diversity specific issues and opportunities explored in the Partnership. It appears to be the right group to tackle this type of challenge.

Diversity Steering Committee:

The Diversity Steering Committee which is comprised of key stakeholders⁴ representing management and employee groups works as an effective steering team to help the City develop and implement their diversity initiative. The Steering Committee is a working group. They meet monthly to review their progress and more frequently in sub-groups to work on specific issues and pilot programs under development.

The steering process is designed to promote inclusion and it appears to be highly effective in Tempe. Each member has the responsibility to take ideas, questions and concerns back to the employee group they represent for discussion and input. For example, the City Manager confers with his staff on key issues, the Tempe Employee Council (TEC) representative takes issues back to the TEC and so forth. This ongoing organizational dialogue is essential to creating and implementing diversity goals employees understand and support.

We conclude the Diversity Steering Committee is operating as an effective mechanism for maintaining a strong diversity focus in the City of Tempe. It is much additional work for members who all have other full-time responsibilities. Members are to be commended for their time, effort and significant accomplishments to date.

City of Tempe Diversity Action Plan:

In the 2001 Baseline Audit report we identified general focal areas – inclusion, good old boy network, bias, promotion and conflict – that needed to be addressed. We also provided 'best practices' research on diversity issues. We did <u>not</u> mandate specific diversity goals; instead, we strongly advocated working with employees to develop

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⁴ The City of Tempe Diversity Steering Committee is comprised of the City Manager, Diversity Manager, Human Resource Manager, the Training Manager, Legal, Finance, the Tempe Employee Council, Fire, the Tempe Officers Association, the Tempe Supervisor Council and the Service Employees International Union (SEIU).

specific diversity goals and outcome measures. In our view, this is the most effective way to target meaningful goals that employees understand and support.

We acknowledged that the action plan needed to be flexible to accommodate organizational realities, employee input and the like, but advised the City to develop specific measurable goals. Creating a viable action plan that incorporates employee input is an important and time consuming task. In 2003 the Diversity Steering Committee successfully developed a detailed action plan complete with outcome indicators which they presented to the City Executive Staff for review and ratification. (See the City of Tempe Diversity Action Plan in the Appendix.)

The 2001 Baseline Audit also emphasized involving department managers in leading and supporting the City's diversity initiative as a major success criterion. The City Manager acted upon this recommendation in several ways. First, he asked his staff to conduct regular weekly field trips to promote better communication and employee relations in their groups. Further, he conducted a management retreat to review and discuss the detailed action plan. He asked for commitment to the plan. Senior staff unanimously ratified the plan which included developing action plans for their individual departments. Specific diversity goals were not mandated; instead, managers were asked to work with their employees to develop appropriate diversity initiatives for their work groups.

In our opinion the City's Diversity Action Plan gets high marks for targeting the right issues using many of the 'best practices' on diversity management. Equally important, the City of Tempe used an inclusive process in the development of their plan. Much of the benefit of developing a diversity plan is in the process of pulling employees together to share their ideas, suggestions and concerns. The Diversity Steering Committee and the 6-Sided Partnership facilitated this sharing of ideas very effectively.

One key question remains – how is the action plan impacting the City? Is it being implemented? And is it having the desired results? The scope of the City's Diversity Action Plan is broad targeting cultural change; hence some key objectives will take time to manifest in tangible results. Several specific programs are in still in development or being piloted and cannot be fully assessed at this time. However, some key findings and trends are available and are described below.

Departmental Action Plans:

Respondents collectively view the Public Works Department as the current standard that other departments should strive to replicate when it comes to making effective organizational change. This represents a remarkable shift. In 2001 Public Works was rife with issues including charges of discrimination, employee intimidation and retaliation. In fact, many City employees questioned whether an audit was really necessary. According to this view, the City of Tempe was fine; Public Works needed to change. The 2001 Audit clearly revealed that there were areas for improvement with respect to diversity in all departments, not just Public Works. Therefore, action plans were required by all departments as part of the diversity implementation strategy.

Closer scrutiny of the Public Works (PW) action plan shows what it takes to make successful change. First and foremost, it takes management leadership. The PW Department Head has made creating an effective open, diversity-friendly culture a priority within his group. He has everyone in the organization working on diversity. He and his staff conduct regular working sessions with employees to discuss issues and opportunities. He also hired a full-time diversity coordinator to support the change effort. He consistently role models the behaviors he wants to see throughout his group and has stayed hands-on in the process, showing up at training/working sessions to listen to employees and offer personal input and support. This is the level of leadership focus that it takes to affect change. The City of Tempe should take a closer look at Public Works success so that they can replicate it in other departments.

Others, such as the Human Resources (HR), are also cited as making significant improvement. In sum, respondents agree that managerial changes along with the establishment of rules and regulations have transformed departments such as HR and PW from tops down autocratically managed groups absent of employee input and participation into organizations that welcome employee participation in the decision-making process.

Perhaps the biggest concern voiced in these executive interviews is the fact that not all departments are making good progress. Respondents admit that diversity action plans are not encouraged in all departments. Several expressed concern about the lack of genuine effort to emphasize employee involvement or to spend the time required to develop a plan which reflects the concerns of its workforce. According to these respondents lagging departments invest a minimal amount of time and effort developing the plan and obtaining employee buy-in. In their view, not enough work is being done to change the philosophy of some departments and to deal with resistance to change. One respondent provides an example, "Some people try to keep it all in house but they need to be open to cooperation with safe havens and not view them as opponents." Additionally, pre-existing action plans in some departments have <u>not</u> been revised to better reflect some of the policies developed and implemented by other city departments.

In our opinion the department level action plan is essential. Diversity awareness, principles and processes must be built into the everyday work culture to be effective. If some departments are not taking this task seriously, action must be taken at the highest level. We advise the City Manager to take a strong leadership stand on this issue. Minimally, he should request a formal copy of each department action plan and schedule regular one-on-one meetings with department heads to review progress. Department heads and managers who are not supporting this effort fully need to be directly confronted to determine what is needed to help get their departments on track whether it is additional support and/or sanctions.

Mandatory Skills Training (MST III):

Respondents strongly agree that the MST III has been extremely effective in introducing the concept of applied diversity in the form of action plans. Moreover, respondents say that they see tangible improvements through the establishment of departmental goals on diversity, increased inclusion and the better cooperation between management, supervisors and employees. Several contend that the inclusive change process for developing and implementing departmental action plans is particularly effective. According to one respondent, "Involving employees in the decision-making process of action planning has taken the mystery out of the diversity focus."

We had the opportunity to review MST III and agree that it is excellent training. It educates employees about the more subtle aspects of cultural bias. Most importantly it emphasizes the importance of concrete diversity goals and provides time for supervisors, managers and employees to discuss potential diversity issues and opportunities. In our opinion, it is potentially quite effective. It might be useful to consider having all employees attend MST III or a condensed version of it. Employees need to understand action planning and be prepared to support their departments.

Safe Haven Program:

Developing a safe haven for employees to resolve conflict has been a priority for the City since conflict management was identified as a key issue in the 2001 Baseline Audit. The City's safe haven approach provides employees with choices about where to go in the system to get support – their immediate supervisor, the Diversity Office, the Human Resource Department or Legal. The City recognized early on that some employees would 'shop around for answers' by going to the three offices for the best response. Thus, the 'triad approach' evolved to provide a consistent response to diversity issues. The triad – the Diversity Office, Legal and Human Resources – work with the employees as needed to resolve issues. This triad process appears to be quite effective. Together they provide a balanced, thoughtful approach to employee issues. And to their credit, all three respect and support each office's positions and as a result, are able to cooperate in the decision-making process.

Respondents admit that currently most of issues they address are management issues rather than diversity issues <u>per se</u>. A greater part of these issues consists of working conditions, promotion and as one respondent called it, supervisory 'do not like me' issues. As one would expect, the Diversity Office deals with the vast majority of the diversity issues from employees.

In sum, the safe haven appears to be working well; it appears to be a very proactive and effective way to resolve issues before they escalate. However, the triad functions well largely based upon strong personal relationships among the three department managers.

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⁵ It is our understanding that MST III is mandatory for supervisors and managers and that employees may attend it on a voluntary basis.

We recommend formalizing the triad process by establishing guidelines and principles to ensure that the safe haven continues to work well as a stand alone system.

Individual Development Plans:

Respondents agree that the Individual Development Plan (IDP) is not widely used and that most employees don't like it. Respondents described IDP as a way to advance the 'promote from within policy,' replacing the traditional performance evaluation with a tool to better prepare people for job advancement. They acknowledge that the IDP has been found to be effective for those individuals who are motivated to utilize it. In their view many employees are happy with their current positions and have no interest moving up to a position that requires more responsibility. Therefore, the IDP may not be suitable for all employees. It is designed to be self-initiated.

The City is moving towards IDP as a prerequisite for participation in the Mentor Program, another diversity pilot program. Although many agree IDP plays a role in supporting diversity and job advancement, most are unclear as to how the IDP effectiveness is being measured in the workplace.

We are pleased to see that the IDP works well for some employees. Giving employees career development options is very appropriate. However respondent comments about the program indicate it is still a program in flux. Most disturbing, the IDP replaces the formal performance review process. We are concerned about how the City is communicating to employees regarding job performance. How do employees know how well they are doing with respect to job performance? A performance review process not only provides formal feedback, but it also provides checks and balances that protect the supervisor and employee when there are disputes regarding job performance and potential bias.

In sum, we advise the City to develop a formal system to document employee job performance. The current system only documents employees that are on a corrective action plan. We believe that this is insufficient. In our view it is critically important for the City to be able to clearly demonstrate why one employee is selected over another, particularly given employee concerns regarding the good old boy network and favoritism impacting promotions and career development opportunities.

Mediation Program:

The Mediation program has been in place for approximately three years. Human Resource representatives were trained in mediation skills in order to expand the City's conflict management resources. However, according to interviewees, the mediation program has seen limited success. They say that employees are unfamiliar with mediation and many do not know HR offers this service on an as needed basis. Furthermore, employees now have several different avenues to solve their conflicts and may not use mediation.

In retrospect, respondents acknowledge that the mediation program was not given enough employee exposure. Interested employees had to pick up information at Human Resources. Information is now available on the website so employees don't have to go directly to Human Resources and actually pick up a brochure on it. Training is helping to raise awareness of the program by providing an overview at employee orientations as well. The HR Manager reaffirmed her belief in the value of HR mediation, "We believe that given more time, employees will begin to understand the benefits of the Mediation Program."

Mentorship Program:

The diversity literature suggests that diverse workplaces often benefit from mentorship programs. Accordingly, the City conducted research on different types of mentoring programs and developed a custom program which is being piloted. Participant selection is based upon a lottery system and blind matching based upon skills and involvement in MST. The mentor program is intended to reinforce the IDP program. As a new program, it is evolving. Respondents describe the program as experiencing 'growing pains.' At this stage, management is working to familiarize employees with the program. In their view, it provides a good career development option for employees to expand their skill set.

The best practices research on diversity suggests that mentoring can be an effective support tool for non-traditional employee groups. In our opinion, a mentor program may be a very effective career development tool for <u>all</u> employees; however, good programs are very difficult to establish. The most effective mentoring relationships evolve naturally, between managers and employees that work together and form a trusting relationship based upon mutual respect and genuine liking of one another. Whether the City's more analytical approach works will take time and testing. If matching skill sets blindly does not work as intended, the City may want to try other approaches such as offering mentoring training to managers and supervisors to use with all employees on the job.

SOLVE Program:

The SOLVE program is, in our opinion, one of the most effective programs developed by the City to date. SOLVE is a solutions checklist⁶ that the City is using to educate employees at all levels about conflict. It consist of five steps in a problem resolution process.; it is introduced in MST III and is available in workshops for all employees. In our view, SOLVE represents an important paradigm shift. In the past employees were encouraged to go to their supervisor to address issues. This may still be appropriate, depending on the situation. However, now the City is helping employees recognize that conflict can be healthy and giving them the skills they need to manage conflict in their everyday work groups. In short, SOLVE sensitizes employees to conflict management, gives them a practical tool to resolve issues real time and keeps employees focused on

⁶ The SOLVE Checklist is provided in the Appendix.

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conflict resolution. Finally, if employees are unsuccessful resolving their issue, SOLVE directs them to seek support using the employee safe haven process.

In conclusion, we highlight SOLVE as an excellent example of how to build diversity skills into the everyday workplace. We think that the City is definitely on the right track in providing hands-on tools for employees to understand and manage conflict. This is an important skill for all employees, one that will be increasingly important as the City of Tempe becomes more diverse in the future.